

# American Electronics Association

*Representing the U.S. electronics and information technology industries*

**AEA**

2400 Katella, Suite 450, Anaheim, CA 92806. Telephone: 714-937-1114. Telefax: 714-937-5458

March 15, 1995

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**MAR 21 1995**

**EX PARTE**

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**FCC MAIL ROOM**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW, Room 222  
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: PR Docket No. 94-105; Petition of the People of the State of California and the Public Utilities Commission of the State of California to Retain Regulatory Authority Over Intrastate Cellular Service Rates

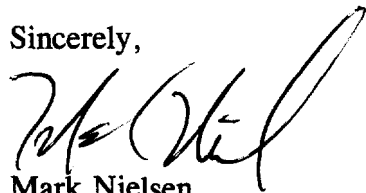
Dear Mr. Caton:

The attached letter has been forwarded to the Commission. Please associate this material with the above-referenced proceeding.

Two copies of this notice were submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at 714/588-3700 should you have any questions or require additional information concerning this matter.

Sincerely,



Mark Nielsen  
President/CEO  
Subscriber Computing, Inc.  
Chairman  
Orange County Council, PUC Committee

MN/mm  
Attachments

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Mr. Reed Hundt, Chairman  
Federal Communications Commission  
1919 M Street NW, Room 814  
Washington, DC 20554

Dear Chairman Hundt:

The American Electronics Association (AEA), Orange County Council, strongly urges you and your fellow commissioners to reject the petition of the California Public Utilities Commission to continue its regulation of California's cellular industry. We believe that such continued regulation is not in the best interest of California's consumers, businesses or its economy.

The burden should be on the State PUC to prove continued regulation of an industry is required because market conditions fail to provide subscribers or customers with adequate protections. When cellular telephone service first started in California in the mid-1980's, the argument for State PUC regulation of rates could be made based on the lack of real-life experience and a concern that the duopoly nature of cellular might not foster adequate competition.

However, we now have ten years of actual experience across the country and California has, in fact, proven the opposite - the rate regulation of cellular in California has created higher costs to end users and a far less competitive environment than almost any other state.

And while prices for cellular service have decreased nationwide between 1985 and 1994, California prices have decreased by only an average of 7% compared to a 17% decrease in unregulated states. Thus, not only are California rates higher, but they are decreasing much slower than the rest of the country.

The AEA has consistently taken a position opposing over-regulation by government and urging the government to allow marketplace forces and open competition to best meet consumer needs. Unfortunately, the California State PUC is micro-managing cellular business and creating an environment that is anti-competitive. Continued regulation is even more questionable in light of new wireless competitors which are already coming to market (e.g. ESMR, et al), or are soon to come to market in large part as a result of the FCC's broadband auction that is nearing completion.

California's Public Utilities Commission does not speak for the State of California or for all the

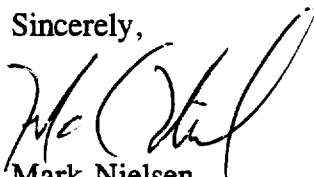


Mr. Reed Hundt, Chairman  
Federal Communications Commission  
March 15, 1995

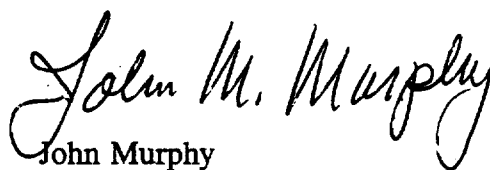
Page 2

businesses and consumers in the State. There are numerous AEA member companies and customers of members who provide equipment, software and services to the wireless communications industry. We strongly urge you to reject California's petition and instead allow full and unfettered competition for California's cellular industry.

Sincerely,



Mark Nielsen  
President/CEO  
Subscriber Computing, Inc.  
Chairman  
Orange County Council, PUC Committee



John Murphy  
President/CEO  
DS Technology Inc.  
Chairman  
AEA Orange County Council

MN/mm

cc: Commissioner James H. Quello  
Commissioner Andrew C. Barrett  
Commissioner Susan Ness  
The Honorable Pete Wilson, Governor  
Bob White, Chief of Staff  
George Dunn, Deputy Chief of Staff  
Senator Barbara Boxer  
Senator Dianne Feinstein